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SUBJECT: SCENESETTER FOR ESTONIAN PM ANSIP'S NOVEMBER 27-29  
VISIT TO WASHINGTON

REF: TALLINN 693

Classified By: CDA Karen Decker for reasons 1.4 (b) & (d).

¶1. (C) SUMMARY: Prime Minister Andrus Ansip's November 27-29 visit to Washington, his first as PM, comes on the eve of the Estonian Parliament's vote to renew Estonia's participation in both Iraq and Afghanistan. Ansip supports Estonia's military engagements abroad, but relies on USG recognition to shore up voters at home. PM Ansip will also look for U.S. support for Estonia's efforts to prevent a Russian energy monopoly in the Baltics, and would welcome public U.S. support to counter Russian claims of Estonian fascism. Ansip will want to highlight Estonian progress on Visa Waiver Program conditions, and will convey Estonia's desire to continue its close CT cooperation. Finally, PM Ansip will thank the USG for seconding personnel to its cyber-security center and express the GOE's interest in discussing cyber security at the 2008 NATO Summit in Bucharest.

¶2. (C) During his visit PM Ansip will meet the Vice President, the Secretary of State and the Secretaries of the Departments of Homeland Security, Energy and Commerce. Ansip will also visit the Victims of Communism memorial and meet with prominent Jewish leaders. In meetings with PM Ansip, it would be useful to:

-- Recognize Estonian sacrifices in Iraq and Afghanistan and thank Ansip for Estonia's unwavering support;

-- Emphasize the dangers to Europe from an energy-aggressive Russia, and urge Estonia to take a proactive role in EU discussions on energy security;

-- Underscore the need for Russia and Estonia to find ways to engage constructively, while rejecting Russian efforts to paint Estonia a fascist nation;

-- Acknowledge Estonia's cooperation on visa and passport issues and assure Ansip the VWP process is moving forward;

-- Laud Estonia's leadership on strengthening international cyber-security and agree it should be discussed in Bucharest next April;

-- Encourage bilateral efforts to strengthen trade and investment ties. END SUMMARY.

#### ANSIP STRONG, ESTONIA STABLE

¶3. (C) At home PM Andrus Ansip enjoys broad public support and a stable governing coalition. In the March 2007 parliamentary elections which saw Ansip re-elected, Ansip received the most votes ever by an individual in Estonia's history. Just after this electoral triumph, Ansip was tested by fire: his April decision to relocate a Soviet-era statue (the "Bronze Soldier") to a military cemetery sparked two days of rioting and strong condemnation from Moscow. Ansip's steadfast leadership throughout elicited a surge in popular support for the government. Recent polls give Ansip's Reform party almost 40 percent support - more than twice its historical levels.

¶4. (U) Ansip is the first Estonian PM to visit the U.S. since 2004, and he himself has not visited Washington since March 2005 (as Minister of Economy). Following his stop in DC, Ansip will travel to California to speak at Stanford's Hoover Institute, visit Silicon Valley and meet with Estonia-Americans. Personally, he is (in classic Estonian style) extremely reserved, and inclined to put a positive spin on issues. He is fiercely proud of American support for Estonia during the Soviet occupation and will likely couch much of Estonia's support for U.S. objectives today as Estonia's "obligation" for our help in the past.

#### IRAQ/AFGHANISTAN

¶5. (C) Eight percent of Estonia's armed forces are deployed overseas (the second highest deployment rate in NATO), and the GOE has made clear it will continue to be an active contributor to international security. Estonian forces are present in combat missions in both Iraq and Afghanistan and operate without caveats. In Afghanistan, Estonian forces are embedded with the UK in the volatile Helmand province. In June, two Estonians were killed and four others wounded in a Taliban rocket attack. Master Sergeant Engel, a nurse who lost her leg in the attack, will receive treatment at Walter Reed Army Hospital in the coming months. In Iraq, Estonian soldiers serve with U.S. forces outside Baghdad. To date, Estonia has suffered multiple casualties, including two killed and more than 20 wounded.

¶6. (C) Parliament is now debating the extension of foreign military missions (Reftel), and is scheduled to decide in early December. While Ansip expects Parliament to approve both extensions, the Iraq debate has split the Parliament and that vote will be close. PM Ansip strongly supports Estonia's presence in Iraq and is on record that Estonia will stay "as long as it is needed." In October, however, Defense Minister Aaviksoo said publicly the GOE does not intend to extend the Iraq mission beyond 2008. Popular support for Iraq is low, and if Estonia decides to draw down its forces, the Iraq mission is likely to be the first cut. The PM will be interested in hearing our longer term planning for Iraq, as well as our thanks for Estonia's role - both will help him manage perception at home.

#### RUSSIA - HISTORY AS A WEAPON

¶7. (C) Sixteen years after regaining its independence, Estonia's relationship with Russia remains difficult. The GOE decision to relocate the "Bronze Soldier" monument from central Tallinn to a military cemetery in April exacerbated tensions. Following two days of rioting in Tallinn, Russia put heavy political and economic pressure on Estonia by refusing to disperse a mob outside the Estonian Embassy in Moscow and limiting rail/truck traffic across the border.

¶8. (C) Russia also stepped up its anti-Estonian rhetoric, complaining about Estonia's treatment of its Russian minority and repeatedly accusing Estonia of Nazi/fascist tendencies. In late July, Russian officials condemned a

reunion of Estonian WWII veterans, saying it "glorified Nazism in Estonia." Moscow linked the reunion with an annual Estonian military exercise and criticized the nine countries participating in the event (including the United States). The GOE has repeatedly expressed its frustration over Russian tactics to us. The PM may raise this issue, highlight the need to pay sufficient attention to "communist crimes" committed since WWII, and solicit public support for Estonia vis-a-vis Russian propaganda.

**¶9. (C)** There is one area of positive cooperation between the GOE and GOR following the Bronze Soldier incident. After excavating the bodies of the Soviet soldiers buried beneath the statue, the GOE used DNA analyses to identify the remains. Several soldiers were transported back to their home countries (Russia and Ukraine) for reburial; the others were reburied in Estonia. During a recent dinner hosted by the Estonian Ambassador in Moscow, Russian D/FM Titov commended FM Paet for the GOE's handling of the remains of the Russian soldiers.

**¶10. (C)** The CFE treaty remains problematic for Estonia and Russia. GOE officials say they are willing to join the Adapted CFE Treaty, once it has been ratified by all of the treaty signatories. Further, they agree with U.S. arguments in favor of bringing the Baltics into the flank regime. Bottom line, however: they are concerned by Russia's failure to meet Istanbul commitments.

#### ENERGY SECURITY

**¶11. (C)** Estonia is quickly approaching a crossroads in its energy policy. Currently, oil-shale-fired power plants supply 93 percent of Estonia's electricity needs (and 54 percent of total energy requirements). However, these plants require significant upgrades in order to meet EU environmental standards. The GOE is considering investment

in the proposed Ignalina power plant in Lithuania. PM Ansip is a strong advocate of Estonian investment in Ignalina -- to help diversify the electricity supply as well as promote regional cooperation. However, there is growing frustration with Lithuania's handling of the project (long delays, lack of coordination). While Estonia's demand for natural gas is lower than other countries in the region, it is still dependent on Russia for 100 percent of its gas supply. The PM is likely to express concern about an energy "vacuum" in the Baltics and Russian efforts to fill this void.

#### NATO SUMMIT AND BEYOND

**¶12. (C)** PM Ansip is likely to highlight two NATO-related issues for Estonia: cyber security and enlargement. The cyber attacks on public and private Estonian websites after the Bronze Soldier riots in April heightened Estonian interest in cyber security. The GOE has raised this bilaterally and within the EU and NATO. During his meetings, the PM will likely make a pitch for including cyber security in the Bucharest Communiqué.

**¶13. (C)** Meanwhile, the GOE is working to accredit its domestic cyber center as a NATO Center of Excellence (COE) and is recruiting participation of other NATO members. Seven countries (the U.S., Germany, Spain, Italy, Bulgaria, Lithuania and Poland) have agreed to support the cyber center and send personnel. The U.S. representative from the Naval Criminal Investigative Service (NCIS) took up his duties at the cyber center on November 19.

**¶14. (C)** Estonia is a strong advocate for NATO and EU enlargement and has actively supported Georgia's interest in MAP. Georgia is also one of the GOE's "priority countries" for development assistance and senior GOE officials visit the country frequently. In 2006, Estonia allocated almost \$500,000 in bilateral assistance to Georgia. However, GOE officials admit that recent events represent a serious obstacle to reform and complicate discussions about Georgia within NATO.

## INVESTMENT AND ECONOMIC RELATIONS

¶15. (C) After seven years, Estonia's rapid economic growth is starting to slow. From almost 11 percent in 2006, GDP growth this year is just over 6 percent. Policy-makers note that slower growth has stemmed earlier concerns about the economy overheating but raised concerns about the economy making a "hard landing." U.S. Treasury analysts, independent rating agencies and local banks agree the Estonian economy is sound and dynamic. The state budget has been in surplus since 2001, and unemployment is about 4.2 percent. Problems areas include inflation (8.5 percent and rising), rapid wage and credit growth, and a shortage in labor across the public and private sector. While the GOE remains committed to joining the Euro zone, inflation levels will likely keep this from happening before 2012.

¶16. (U) The U.S.-Estonian trade and investment relationship is limited primarily by the small size of the Estonian market. The U.S. is currently the 8th largest foreign investor in Estonia, but contributes only 2.1 percent of total FDI. While in the U.S., PM Ansip will travel to San Jose, CA to open officially "Enterprise Estonia's" new office. (Enterprise Estonia is the GOE's business and investment promotion agency.) The office is geared to promote stronger ties between Estonian and U.S. high-tech companies. PM Ansip may ask about the newly-established Transatlantic Economic Council (TEC).

## VISA WAIVER

¶17. (C) Estonia is keenly interested in joining the Visa Waiver Program (VWP). (Estonia will join the Schengen Regime for land and sea borders on December 21.) President Bush announced VWP reform in Tallinn in November 2006. The legislation he signed in August 2007 cleared the way for Estonia's inclusion in the near future. Remaining steps consist of a formal DHS assessment of Estonia's candidacy (an intensive months-long process which is underway), the

State Department's formal nomination of Estonia for inclusion in the program and the conclusion of several information-sharing agreements. The first of these, a terrorist-information-sharing agreement, will likely be signed in Tallinn in December 2007. Additionally, the USG must field an on-line Electronic Travel Authorization (ETA) system and certify its exit-check system prior to any expansion of VWP. The most likely window for Estonian VWP accession, predicated upon a positive DHS assessment and timely ETA fielding, is between October 2008 and July 2009. The PM will undoubtedly press us to extend VWP to Estonia as soon as possible, focusing not only on the technical requirements that Estonia has met, but also on Estonia's strong record in participating in the Global War on Terror.

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